

CENTRAL SPRINGS COMMUNITY SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2015

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# CENTRAL SPRINGS COMMUNITY SCHOOL DISTRICT

## Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
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### **Board of Education**

Dave Luett	President	2015
Lisa Cooper	Vice President	2015
Mike Webb	Board Member	2015
Lynn Brady	Board Member	2017
Kris Nodtvedt	Board Member	2017

### **School Officials**

Steve B. Ward	Superintendent
Gwen Mellmann	District Secretary/Treasurer

Gary E. Horton CPA

902 Central Ave. E.-PO Box 384  
Clarion, IA 50525-0384  
(515)532-6681 Phone  
(515) 532-2405 Fax  
[BETCO@mchsi.com](mailto:BETCO@mchsi.com) E-mail

Independent Auditor's Report

To the Board of Education of  
Central Springs Community School District:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Central Springs Community School District, Manly Iowa, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above presents fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Central Springs Community School District as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

As discussed in Note 12 to the financial statements, Central Springs Community School District adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial

Reporting for Pensions . an Amendment of GASB Statement No. 27. Our opinions are not modified with respect to this matter.

#### Other Matters

##### *Required Supplementary Information*

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 4 through 13 and 43 through 49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U. S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

##### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Central Springs Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the three years ended June 30, 2014 (which are not presented herein) and expressed an unmodified opinion on those financial statements. The supplementary information included in Schedules 1 through 10, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133. Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

#### Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 30, 2016 on our consideration of Central Springs Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide and opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Central Springs Community School District's internal control over financial reporting and compliance.

BURTON E. TRACY & CO., P.C.  
Certified Public Accountants

March 30, 2016

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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Central Springs Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2015. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

### 2015 FINANCIAL HIGHLIGHTS

- General fund revenues decreased from \$10,073,619 in fiscal year 2014 to \$9,382,249 in fiscal year 2015. While General fund expenditures increased from \$9,054,572 in fiscal year 2014 to \$9,283,084 in fiscal year 2015. The District's General Fund balance increased from \$1,441,993 at the end of fiscal year 2014 to \$1,541,158 at the end of fiscal year 2015 a 7% increase.
- The fiscal year 2015 General Fund revenue decrease was attributable to an increase in Regular Program District Cost; and a decrease to other foundation aid formulas. The increase in expenditures was due to negotiated teacher settlement and increased categorical program expenditures.

### USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Central Springs Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Central Springs Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining financial statements provide information about activities for which Central Springs Community School District acts solely as an agent or custodian for the benefit of those outside of District government.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, the District's proportionate share of the net pension liability and related contributions as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Supplementary Information provides detailed information about the nonmajor governmental funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the District.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

**Figure A-1**  
**Central Springs Community School District Annual Financial Report**

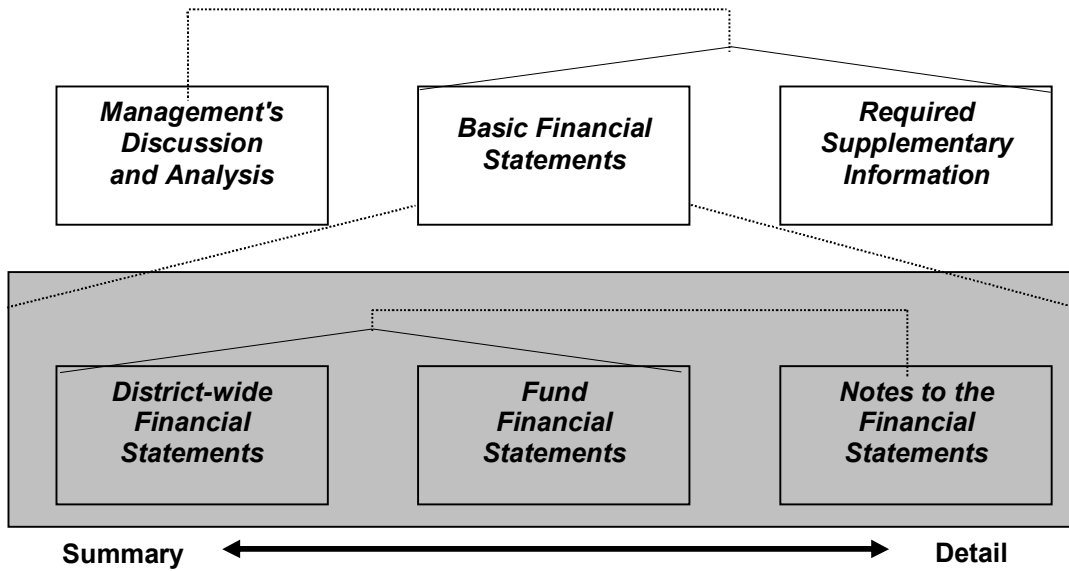


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

<b>Figure A-2</b> <b>Major Features of the Government-wide and Fund Financial Statements</b>				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and daycare	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenues, expenses and changes in fund net position</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in fiduciary net position</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of deferred outflow/inflow information	Consumption/acquisition of net position that is applicable to a future reporting period	Consumption/acquisition of fund balance that is applicable to a future reporting period	Consumption/acquisition of net position that is applicable to a future reporting period	Consumption/acquisition of net position that is applicable to a future reporting period
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

## REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

### *Government-wide Financial Statements*

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the



difference reported as net position. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net position and how it has changed. Net position is one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position is an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- **Governmental activities:** Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- **Business type activities:** The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

### *Fund Financial Statements*

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or major funds, not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has three kinds of funds:

- 1) **Governmental funds:** Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund.

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

- 2) **Proprietary funds:** Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Funds, one type of proprietary fund, are the same as its business type activities, but provide more detail and additional information, such as cash flows. The District currently has two Enterprise Funds, the School Nutrition Fund and the Daycare Fund.

The required financial statements for proprietary funds include a statement of net position, a statement of revenues, expenses and changes in fund net position and a statement of cash flows.

- 3) **Fiduciary funds:** The District is the trustee, or fiduciary, for assets that belong to others. These funds include a Private-Purpose Trust Fund.
  - **Private-Purpose Trust Fund.** The District accounts for outside donations for scholarships for individual students in this fund.

The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net position at June 30, 2015 compared to June 30, 2014.

Figure A-3

Figure A-5

	Condensed Statement of Net Position						
	Governmental Activities		Business-type Activities		Total School District		Percentage Change
	2015	2014 (Not restated)	2015	2014 (Not restated)	2015	2014 (Not restated)	2014-2015 %
	\$	\$	\$	\$	\$	\$	
Current and other assets	9,098,546	9,489,296	13,279	31,688	9,111,825	9,520,984	-4%
Capital assets	3,837,429	3,924,501	55,584	64,769	3,893,013	3,989,270	-2%
<b>Total assets</b>	<b>12,935,975</b>	<b>13,413,797</b>	<b>68,863</b>	<b>96,457</b>	<b>13,004,838</b>	<b>13,510,254</b>	<b>-4%</b>
Deferred inflows of resources	449,348	-	26,121	-	475,469	-	100%
Long-term liabilities	3,503,667	1,030,991	141,155	10,150	3,644,822	1,041,141	250%
Other liabilities	964,761	994,578	34,746	29,610	999,507	1,024,188	-2%
<b>Total liabilities</b>	<b>4,468,428</b>	<b>2,025,569</b>	<b>175,901</b>	<b>39,760</b>	<b>4,644,329</b>	<b>2,065,329</b>	<b>125%</b>
Deferred inflows of resources	4,702,736	3,914,305	62,806	6,485	4,765,542	3,920,790	22%
Net Position:							
Net Investment in							
Capital assets	3,837,429	3,144,501	55,584	64,769	3,893,013	3,209,270	21%
Restricted	2,660,559	2,951,804	-	-	2,660,559	2,951,804	-10%
Unrestricted	(2,283,829)	1,377,618	(199,307)	(14,557)	(2,483,136)	1,363,061	-282%
<b>TOTAL NET POSITION</b>	<b>4,214,159</b>	<b>7,473,923</b>	<b>(143,723)</b>	<b>50,212</b>	<b>4,070,436</b>	<b>7,524,135</b>	<b>-46%</b>

The District's total net position decreased 46% or \$3,453,699, from the prior year. The largest portion of the District's net position is the invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

Restricted net position represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets decreased \$291,245 or 10% from the prior year. The decrease was primarily a result of the District expensing allocated funds for the start-up of a secondary Drop-Out Prevention classroom and for professional development, and carrying over fund balances to fiscal year 2015 for the purpose of funding professional development days for curriculum and pension liabilities.

Unrestricted net position . the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements . decreased

\$3,846,197 or 282%. The reduction in unrestricted net position was primarily a result of the District's net pension liability net pension expense recorded in the current year.

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement No. 27 was implemented during fiscal year 2015. The beginning net position as of July 1, 2014 for governmental activities and business type activities were restated by \$3,975,189 and \$168,223, respectively, to retroactively report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. Fiscal year 2013 and 2014 financial statement amounts for net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past, pension expense was the amount of the employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

Figure A-4 shows the changes in net position for the year ended June 30, 2015 compared to the year ended June 30, 2014.

*Figure A-4*

<b>Changes in Net Position from Operating Results</b>							
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total School District</b>		<b>Percentage Change</b>
	<b>2015</b>	<b>2014 (Not restated)</b>	<b>2015</b>	<b>2014 (Not restated)</b>	<b>2015</b>	<b>2014 (Not restated)</b>	<b>2014.-2015</b>
<b>Revenues</b>							
Program Revenues:							
Charges for services	1,145,782	1,185,122	233,274	227,180	1,379,056	1,412,302	-2%
Operating Grants & Contributions	1,324,345	1,257,077	267,165	241,388	1,591,510	1,498,465	6%
Capital Grants & Contributions	-	-	-	-	-	-	-
General Revenues:							
Property taxes	3,896,437	4,328,537	-	-	3,896,437	4,328,537	-10%
Income Surtax	322,220	306,465	-	-	322,220	306,465	5%
Statewide sales services & use tax	659,972	749,176	-	-	659,972	749,176	-12%
Unrestricted State Grants	3,644,227	3,872,522	-	-	3,644,227	3,872,522	-6%
Unrestricted Investment Earnings	7,426	6,180	12	8	7,438	6,188	20%
Other	4,405	(2,089)	-	-	4,405	(2,089)	311%
<b>Total Revenues</b>	<b>11,004,814</b>	<b>11,702,990</b>	<b>500,451</b>	<b>468,576</b>	<b>11,505,265</b>	<b>12,171,566</b>	<b>-5%</b>
<b>Expenses</b>							
Instruction	6,810,248	5,864,669	-	-	6,810,248	5,864,669	16%
Support Services	3,038,399	3,553,952	-	-	3,038,399	3,553,952	-15%
Non-Instructional Programs	-	-	526,163	480,380	526,163	480,380	10%
Other Expenses	706,275	712,237	-	-	706,275	712,237	-1%
<b>Total Expenses</b>	<b>10,554,922</b>	<b>10,130,858</b>	<b>526,163</b>	<b>480,380</b>	<b>11,081,085</b>	<b>10,611,238</b>	<b>4%</b>
<b>Change in Net Position</b>	<b>449,892</b>	<b>1,572,132</b>	<b>(25,712)</b>	<b>(11,804)</b>	<b>424,180</b>	<b>1,560,328</b>	<b>-73%</b>
Net position beginning of year, as restated	3,764,267	5,901,791	(118,011)	62,016	3,646,256	5,963,807	-39%
Net position end of year	4,214,159	7,473,923	(143,723)	50,212	4,070,436	7,524,135	-46%

In fiscal year 2015 property tax and unrestricted state grants account for 66% of the total revenue. The District's expenses primarily relate to instruction and support services, which account for 89% of the total expenses.

## Governmental Activities

Revenues for governmental activities were \$11,004,814 and expenses were \$10,554,922. In a difficult budget year, the District was able to balance the budget by trimming expenses to match available revenues.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses for the year ended June 30, 2015 compared to the year ended June 30, 2014.

*Figure A-5*

<b>Net Cost of Governmental Activities</b>				
	<b>Total Cost of Services</b>	<b>Total Cost of Services</b>	<b>Net Cost of Services</b>	<b>Net Cost of Services</b>
	<b>2015</b>	<b>2014 (Not restated)</b>	<b>2015</b>	<b>2014 (Not restated)</b>
Instruction	6,810,248	5,864,669	4,795,572	3,830,332
Support Services	3,038,399	3,553,952	2,947,080	3,508,881
Other Expenses	706,275	712,237	342,143	349,446
<b>TOTAL</b>	<b>10,554,922</b>	<b>10,130,858</b>	<b>8,084,795</b>	<b>7,688,659</b>

For the year ended June 30, 2015

- The cost financed by users of the District's programs was \$1,145,782. Most of these revenues are derived from tuition charged to other school districts and from student activities.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,324,345.
- The net cost of governmental activities was financed with \$4,878,629 in property and local other taxes and \$3,644,227 in unrestricted state grants.

### **Business Type Activities**

Revenues for business type activities were \$500,451 and expenses were \$526,163. The District's business type activities include the School Nutrition Fund and a Child Care program at both the Nora Springs and Manly campus. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

During the year ended June 30, 2015, the District increased meal prices again to align closer with federal recommended rates. Grab and Go Breakfast continued to be offered at the Nora Springs campus but was discontinued at the Manly campus due to schedule conflicts. A Summer Food Service Program was started at the Manly campus and was well attended by the community, as well as providing lunches and snacks for extra-curricular participants. This helped to offset the increase in food prices and delivery costs. Both Child Care programs at each campus were well attended by the lower elementary grade students and many of those who were enrolled in the Preschool.

### **INDIVIDUAL FUND ANALYSIS**

As previously noted, Central Springs Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$4,276,039, a decrease from last year's ending fund balances of \$4,319,169.

## **Governmental Fund Highlights**

- The District's General Fund financial position is the result of many factors. Growth during the year in tax and grants resulted in an increase to offset the decrease in state aid in revenues. Continued use of the Capitol Projects Sales Tax Fund for expenditures that were formerly paid for with property tax lessened the burden on the General Fund.
- The General Fund balance increased from \$1,441,993 to \$1,541,158, due in part to levying of cash reserve funds, change over in staff, the negotiated salary and benefits settlement and increase in expenditures from the previous year.
- The Capital Projects Fund balance decreased due to fewer funds being used to purchase technology while more funds were used for roof repairs and improvements to facilities at both campuses. The District used some of the extra funds to pay off the G.O. Bonds a year early, thus saving the district approximately \$24,000 in interest. The District ended fiscal 2014 with a balance of \$2,332,539. Fiscal 2015 ended with a balance of \$2,153,711.

## **Proprietary Fund Highlights**

School Nutrition Fund net position decreased from \$(41,254) restated at June 30, 2014 to \$(58,957) at June 30, 2015, representing a decrease of 43%. Lunch prices were increased for fiscal year 2015, Grab and Go Breakfast was offered in Nora Springs, a Summer Food Service Program was initiated at the Manly campus for Summer 2015, but rising costs in food and a decrease in commodities offered continue to minimize our available cash in the nutrition fund. The daycare services offered at both campuses are being utilized by our lower elementary students who attend our preschools. However, the District also reflected the related expenses for the net OPEB liability, which caused an overall reduction of net position.

## **BUDGETARY HIGHLIGHTS**

Over the course of the year, revenues were less than reported in the published budget. Likewise expenditures were also less than reported in the budget. Therefore no amendment to the budget was needed.

The District's receipts were \$417,202 less than budgeted receipts, a variance of 4%.

Total expenditures were less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

In spite of the District's budgetary practice, the certified budget was exceeded in the other expenditures functional area due to the timing of expenditures at year-end without sufficient time to amend the certified budget.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

At June 30, 2014, the District had invested \$3.9 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net decrease of 2% from last year. More

detailed information about the District's capital assets is presented in Note 5 to the financial statements. Depreciation expense for the year was \$333,552.

**Figure A-6**

**Capital Assets (net of depreciation)**

	<b>Governmental Activities</b>		<b>Business type Activities</b>		<b>Total School District</b>		<b>Percentage Change</b>
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2014-2015</b>
	\$	\$	\$	\$	\$	\$	%
Land	83,500	83,500	-	-	83,500	83,500	0%
Buildings	2,870,058	2,842,540	-	-	2,870,058	2,842,540	1%
Improvements	261,568	249,121	-	-	261,568	249,121	5%
Equipment & furniture	622,303	749,340	55,584	64,770	677,887	814,110	-17%
<b>TOTAL</b>	<b>3,837,429</b>	<b>3,924,501</b>	<b>55,584</b>	<b>64,770</b>	<b>3,893,013</b>	<b>3,989,271</b>	<b>-2%</b>

**Long-Term Debt**

At June 30, 2015 the District had \$3,644,822 in long-term debt outstanding. This represents a decrease of approximately 36% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 6 to the financial statements.

**Figure A-7**

**Outstanding Long-Term Obligations**

	<b>Total School District</b>		<b>Percentage Change</b>
	<b>2015</b>	<b>2014</b>	<b>2014-2015</b>
	\$	\$	%
Governmental activities:			
General obligation bonds	-	740,000	-100%
Revenue bonds	-	40,000	-100%
Termination benefits	300,965	108,885	176%
Net pension liability	3,010,779	4,418,801	-32%
Net OPEB liability	191,923	142,106	35%
	<u>3,503,667</u>	<u>5,449,792</u>	<u>-36%</u>
Business type activities:			
Net pension liability	127,410	186,995	-32%
Net OPEB liability	13,745	10,150	35%
	<u>141,155</u>	<u>197,145</u>	<u>-28%</u>

**ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE**

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- School financing is highly dependent upon student enrollment. The District's October 2015 enrollment decreased which in turn will decrease the District's funding for fiscal year 2016.

- The Board offered an early retirement package to certified staff and 5 teachers participated. The Board also decided to move all 4<sup>th</sup> grade classes to the Nora Springs campus thus reducing staffing needs and saving general fund costs.
- The District paid off the General Obligation bonds a year early saving the District interest costs, and have several facility projects to be completed Summer 2015 including the construction of an 8 lane asphalt track at the high school.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Gwen Mellmann, District Secretary/Treasurer and Business Manager, Central Springs Community School District, 105 S East Street, Manly, IA 50456.

## BASIC FINANCIAL STATEMENTS



## CENTRAL SPRINGS COMMUNITY SCHOOL DISTRICT

## Statement of Net Position

June 30, 2015

	Governmental Activities	Business Type Activities	Total
	\$	\$	\$
<b>Assets</b>			
Cash and cash equivalents:			
Other	4,899,642	38,164	4,937,806
Receivables:			
Property tax:			
Delinquent	32,997	-	32,997
Succeeding year	3,554,511	-	3,554,511
Accounts	124,089	2,453	126,542
Accrued interest:			
Interfund receivable	51,500	(51,500)	-
Due from other governments	435,807	8,563	444,370
Inventories	-	15,599	15,599
Capital assets, net of accumulated depreciation	3,837,429	55,584	3,893,013
<b>Total assets</b>	<b>12,935,975</b>	<b>68,863</b>	<b>13,004,838</b>
<b>Deferred Outflows of Resources</b>			
Pension related deferred outflows	449,348	26,121	475,469
<b>Liabilities</b>			
Accounts payable	139,920	-	139,920
Salaries and benefits payable	822,079	34,746	856,825
Due to other governments	2,762	-	2,762
Long-term liabilities:			
Portion due within one year:			
Termination benefits	98,133	-	98,133
Portion due after one year:			
Termination benefits	202,832	-	202,832
Net pension liability	3,010,779	127,410	3,138,189
Net OPEB liability	191,923	13,745	205,668
<b>Total liabilities</b>	<b>4,468,428</b>	<b>175,901</b>	<b>4,644,329</b>
<b>Deferred Inflows of Resources</b>			
Unavailable property tax revenue	3,554,511	-	3,554,511
Pension related deferred inflows	1,148,225	55,695	1,203,920
Other	-	7,111	7,111
<b>Total deferred inflows of resources</b>	<b>4,702,736</b>	<b>62,806</b>	<b>4,765,542</b>

## CENTRAL SPRINGS COMMUNITY SCHOOL DISTRICT

## Statement of Net Position

June 30, 2015

	Governmental Activities	Business Type Activities	Total
	\$	\$	\$
<b>Net Position</b>			
Net investment in capital assets	3,837,429	55,584	3,893,013
Restricted for:			
Categorical funding	226,643	-	226,643
Management levy	244,609	-	244,609
Student activities	35,596	-	35,596
Physical plant and equipment levy purposes	173,239	-	173,239
School infrastructure	1,980,472	-	1,980,472
Unrestricted	(2,283,829)	(199,307)	(2,483,136)
<b>Total net position</b>	<b>4,214,159</b>	<b>(143,723)</b>	<b>4,070,436</b>

CENTRAL SPRINGS COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2015

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>		
		<b>Charges for Services</b>	<b>Operating Grants, Contributions and Restricted Interest</b>	<b>Capital Grants, Contributions and Restricted Interest</b>
	\$	\$	\$	\$
Governmental activities:				
Instruction:				
Regular	4,432,010	806,604	643,246	-
Special	1,141,057	76,774	122,613	-
Other	1,237,181	178,947	186,492	-
	<u>6,810,248</u>	<u>1,062,325</u>	<u>952,351</u>	<u>-</u>
Support services:				
Student	250,664	-	-	-
Instructional staff	360,878	25,290	-	-
Administration	953,909	54,852	-	-
Operation and maintenance of plant	875,283	3,315	-	-
Transportation	597,665	-	7,862	-
	<u>3,038,399</u>	<u>83,457</u>	<u>7,862</u>	<u>-</u>
Other expenditures:				
Facilities acquisition	174,337	-	-	-
Long-term debt interest	20,343	-	-	-
AEA flowthrough	364,132	-	364,132	-
Depreciation (unallocated)*	147,463	-	-	-
	<u>706,275</u>	<u>-</u>	<u>364,132</u>	<u>-</u>
Total governmental activities	<u>10,554,922</u>	<u>1,145,782</u>	<u>1,324,345</u>	<u>-</u>
Business type activities:				
Non-instructional programs:				
Food service operations	454,027	181,106	255,206	-
Daycare	72,136	52,168	11,959	-
Total business-type activities	<u>526,163</u>	<u>233,274</u>	<u>267,165</u>	<u>-</u>
Total	<u>11,081,085</u>	<u>1,379,056</u>	<u>1,591,510</u>	<u>-</u>
<b>General Revenues:</b>				
Property taxes levied for:				
General purposes				
Debt service				
Capital outlay				
Income surtax				
Statewide sales, services and use tax				
Unrestricted state grants				
Unrestricted investment earnings				
Other				
Total general revenues				
<b>Change in net position</b>				
Net position beginning of year (restated)				
Net position end of year				

\*This amount excludes the depreciation that is included in the direct expenses of the various programs.

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business Type Activities	Total
\$	\$	\$
(2,982,160)	-	(2,982,160)
(941,670)	-	(941,670)
(871,742)	-	(871,742)
<u>(4,795,572)</u>	<u>-</u>	<u>(4,795,572)</u>
(250,664)	-	(250,664)
(335,588)	-	(335,588)
(899,057)	-	(899,057)
(871,968)	-	(871,968)
(589,803)	-	(589,803)
<u>(2,947,080)</u>	<u>-</u>	<u>(2,947,080)</u>
(174,337)	-	(174,337)
(20,343)	-	(20,343)
-	-	-
<u>(147,463)</u>	<u>-</u>	<u>(147,463)</u>
<u>(342,143)</u>	<u>-</u>	<u>(342,143)</u>
<u>(8,084,795)</u>	<u>-</u>	<u>(8,084,795)</u>
-	(17,715)	(17,715)
-	(8,009)	(8,009)
-	<u>(25,724)</u>	<u>(25,724)</u>
<u>(8,084,795)</u>	<u>(25,724)</u>	<u>(8,110,519)</u>
3,476,431	-	3,476,431
306,962	-	306,962
113,044	-	113,044
322,220	-	322,220
659,972	-	659,972
3,644,227	-	3,644,227
7,426	12	7,438
4,405	-	4,405
<u>8,534,687</u>	<u>12</u>	<u>8,534,699</u>
449,892	(25,712)	424,180
<u>3,764,267</u>	<u>(118,011)</u>	<u>3,646,256</u>
<u>4,214,159</u>	<u>(143,723)</u>	<u>4,070,436</u>

## CENTRAL SPRINGS COMMUNITY SCHOOL DISTRICT

Balance Sheet  
Governmental Funds

June 30, 2015

	General	Capital Projects	Nonmajor	Total
	\$	\$	\$	\$
<b>Assets</b>				
Cash and pooled investments	2,292,618	2,028,603	578,421	4,899,642
Receivables:				
Property tax:				
Delinquent	29,229	1,019	2,749	32,997
Succeeding year	3,088,895	115,617	349,999	3,554,511
Interfund receivable	51,500	-	-	51,500
Due from other governments	435,807	124,089	-	559,896
<b>Total assets</b>	<b>5,898,049</b>	<b>2,269,328</b>	<b>931,169</b>	<b>9,098,546</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
Liabilities:				
Accounts payable	139,920	-	-	139,920
Salaries and benefits payable	822,079	-	-	822,079
Due to other governments	2,762	-	-	2,762
Total liabilities	964,761	-	-	964,761
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	3,088,895	115,617	349,999	3,554,511
Income surtax	303,235	-	-	303,235
Total deferred inflows of resources	3,392,130	115,617	349,999	3,857,746
Fund balances:				
Restricted for:				
Categorical funding	226,643	-	-	226,643
Management levy	-	-	545,574	545,574
Student activities	-	-	35,596	35,596
School infrastructure	-	1,980,472	-	1,980,472
Physical plant and equipment	-	173,239	-	173,239
Unassigned	1,314,515	-	-	1,314,515
Total fund balances	1,541,158	2,153,711	581,170	4,276,039
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>5,898,049</b>	<b>2,269,328</b>	<b>931,169</b>	<b>9,098,546</b>

## CENTRAL SPRINGS COMMUNITY SCHOOL DISTRICT

Reconciliation of the Balance Sheet - Governmental Funds  
to the Statement of Net Position

June 30, 2015

\$

<b>Total fund balances of governmental funds (Exhibit C)</b>	4,276,039
--	-----------

***Amounts reported for governmental activities in the  
Statement of Net Position are different because:***

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	3,837,429
--	-----------

Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds.	303,235
--	---------

Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:

Deferred outflows of resources	449,348	
Deferred inflows of resources	<u>(1,148,225)</u>	(698,877)

Long-term liabilities, including bonds and notes payable, termination benefits, other post employment benefits payable and net pension liability are not due and payable in the current year and, therefore, are not reported as liabilities in the governmental funds.	<u>(3,503,667)</u>
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<b>Net assets of governmental activities (Exhibit A)</b>	<u><u>4,214,159</u></u>
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## CENTRAL SPRINGS COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds

Year ended June 30, 2015

	General	Capital Projects	Nonmajor	Total
	\$	\$	\$	\$
Revenues:				
Local sources:				
Local tax	3,461,192	113,044	605,395	4,179,631
Tuition	459,199	-	-	459,199
Other	501,288	5,024	192,102	698,414
State sources	4,622,834	661,174	6,800	5,290,808
Federal sources	337,736	-	-	337,736
Total revenues	<u>9,382,249</u>	<u>779,242</u>	<u>804,297</u>	<u>10,965,788</u>
Expenditures:				
Current:				
Instruction:				
Regular	4,133,064	-	2,720	4,135,784
Special	1,130,785	-	-	1,130,785
Other	1,066,280	-	168,333	1,234,613
	<u>6,330,129</u>	<u>-</u>	<u>171,053</u>	<u>6,501,182</u>
Support services:				
Student	268,977	-	-	268,977
Instructional staff	229,916	128,394	-	358,310
Administration	900,702	-	45,341	946,043
Operation and maintenance of plant	668,705	28,843	167,829	865,377
Transportation	520,523	-	19,301	539,824
	<u>2,588,823</u>	<u>157,237</u>	<u>232,471</u>	<u>2,978,531</u>
Other expenditures:				
Facilities acquisition	-	361,765	-	361,765
Long-term debt:				
Principal	-	-	780,000	780,000
Interest and fiscal charges	-	-	23,308	23,308
AEA flowthrough	364,132	-	-	364,132
	<u>364,132</u>	<u>361,765</u>	<u>803,308</u>	<u>1,529,205</u>
Total expenditures	<u>9,283,084</u>	<u>519,002</u>	<u>1,206,832</u>	<u>11,008,918</u>
Excess (deficiency) of revenues over (under) expenditures	<u>99,165</u>	<u>260,240</u>	<u>(402,535)</u>	<u>(43,130)</u>
Other financing sources (uses):				
Transfers in	-	138,786	577,854	716,640
Transfers out	-	(577,854)	(138,786)	(716,640)
Total other financing sources (uses)	<u>-</u>	<u>(439,068)</u>	<u>439,068</u>	<u>-</u>
Change in fund balances	99,165	(178,828)	36,533	(43,130)
Fund balances beginning of year	<u>1,441,993</u>	<u>2,332,539</u>	<u>544,637</u>	<u>4,319,169</u>
Fund balances end of year	<u><u>1,541,158</u></u>	<u><u>2,153,711</u></u>	<u><u>581,170</u></u>	<u><u>4,276,039</u></u>

See notes to financial statements.

## CENTRAL SPRINGS COMMUNITY SCHOOL DISTRICT

Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances - Governmental Funds to the  
Statement of Activities

Year ended June 30, 2015

	\$	\$
<b>Change in fund balances - total governmental funds (Exhibit E)</b>		(43,130)
<b><i>Amounts reported for governmental activities in the Statement of Activities are different because:</i></b>		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures and depreciation expense in the current year are as follows:		
Expenditures for capital assets	237,295	
Depreciation expense	<u>(324,367)</u>	(87,072)
year ends are not considered "available" revenues in the governmental funds and are included as deferred revenues. They are, however, recorded as revenues in the Statement of Activities.		39,026
Repayment of long-term liability principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		780,000
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities interest expense is recognized as the interest accrues, regardless of when it is due.		7,144
The current year District employer share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred outflow of resources in the Statement of Net Position.		451,653
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:		
Termination benefits	(192,080)	
Pension expense	(186,120)	
Other postemployment benefits	<u>(49,817)</u>	(428,017)
Increase long-term liabilities in the Statement of Net Position.		(265,533)
Amortization bond issue costs.		<u>(4,179)</u>
<b>Changes in net position of governmental activities (Exhibit B)</b>		<u><u>449,892</u></u>



## CENTRAL SPRINGS COMMUNITY SCHOOL DISTRICT

Statement of Net Position  
Proprietary Funds

June 30, 2015

	Nonmajor Enterprise Funds
	<u>\$</u>
<b>Assets</b>	
Current assets:	
Cash, cash equivalents and pooled investments	38,164
Accounts receivable	2,453
Due from other governments	8,563
Inventories	15,599
Total current assets	<u>64,779</u>
Noncurrent assets:	
Capital assets, net of accumulated depreciation	<u>55,584</u>
<b>Total assets</b>	<u>120,363</u>
<b>Deferred Outflows of Resources</b>	
Pension related deferred outflows	<u>26,121</u>
<b>Liabilities</b>	
Current liabilities:	
Payable to general fund	51,500
Salaries and benefits payable	34,746
Deferred revenue	7,111
Total current liabilities	<u>93,357</u>
Noncurrent liabilities:	
Net pension liability	127,410
Net OPEB liability	13,745
<b>Total liabilities</b>	<u>234,512</u>
<b>Deferred Inflows of Resources</b>	
Pension related deferred inflows	<u>55,695</u>
<b>Net Position</b>	
Investment in capital assets	55,584
Unrestricted	<u>(199,307)</u>
<b>Total net position</b>	<u><u>(143,723)</u></u>

## CENTRAL SPRINGS COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenses, and Changes in Fund Net Position  
Proprietary Funds

Year ended June 30, 2015

	Nonmajor Enterprise Funds
	<u>\$</u>
Operating revenue:	
Local sources:	
Charges for service	<u>233,274</u>
Operating expenses:	
Non-instructional programs:	
Salaries	183,849
Benefits	62,146
Purchased services	489
Supplies	265,015
Depreciation	9,185
Other	5,479
Total operating expenses	<u>526,163</u>
Operating income (loss)	<u>(292,889)</u>
Non-operating revenue:	
State sources	4,051
Federal sources	263,114
Interest income	12
Total non-operating revenue	<u>267,177</u>
Change in net position	(25,712)
Net position beginning of year (restated)	<u>(118,011)</u>
Net position end of year	<u><u>(143,723)</u></u>

## CENTRAL SPRINGS COMMUNITY SCHOOL DISTRICT

Statement of Cash Flows  
Proprietary Funds

Year ended June 30, 2015

	Nonmajor Enterprise Funds
	\$
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	181,949
Cash received from daycare services	50,402
Cash paid to employees for services	(248,503)
Cash paid to suppliers for goods or services	(237,480)
Net cash used by operating activities	<u>(253,632)</u>
Cash flows from non-capital financing activities:	
Loans from (repaid) to other funds	32,500
State grants received	4,051
Federal grants received	218,343
Net cash provided by non-capital financing activities	<u>254,894</u>
Cash flows from capital and related financing activities	<u>-</u>
Cash flows from investing activities:	
Interest on investments	<u>12</u>
Net increase (decrease) in cash and cash equivalents	1,274
Cash and cash equivalents at beginning of year	<u>36,890</u>
Cash and cash equivalents at end of year	<u><u>38,164</u></u>
<b>Reconciliation of operating income (loss) to net cash used by operating activities:</b>	
Operating income (loss)	(292,889)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:	
Commodities used	36,208
Depreciation	9,185
Decrease (increase) in inventories	(2,705)
Decrease (increase) in accounts receivable	(1,549)
(Decrease) increase in salaries and benefits payable	5,136
(Decrease) increase in deferred revenue	626
Decrease in net pension liability	(59,585)
Increase in deferred outflows of resources	(7,349)
(Decrease) increase in deferred inflows of resources	55,695
(Decrease) increase in other postemployment benefits	3,595
Net cash used by operating activities	<u><u>(253,632)</u></u>

**Non-cash investing, capital and related financing activities:**

During the year ended June 30, 2015, the District received \$36,208 of federal commodities.

## CENTRAL SPRINGS COMMUNITY SCHOOL DISTRICT

Statement of Fiduciary Net Position  
Fiduciary Funds

June 30, 2015

Private  
Purpose  
Trust  
Scholarship  
\$

**Assets**

Cash, cash equivalents and pooled investments

7,676

**Liabilities**-**Net Position**

Reserved for scholarships

7,676

## CENTRAL SPRINGS COMMUNITY SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Position  
Fiduciary Funds

Year ended June 30, 2015

	Private Purpose Trust Scholarship <u>\$</u>
Additions:	
Local sources:	
Gifts and contributions	2,500
Interest	<u>11</u>
Total additions	2,511
Deductions:	
Instruction:	
Scholarships awarded	<u>3,000</u>
Change in net position	(489)
Net position beginning of year	<u>8,165</u>
Net position end of year	<u><u>7,676</u></u>

# CENTRAL SPRINGS COMMUNITY SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2015

### 1. Summary of Significant Accounting Policies

Central Springs Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The geographic area served includes the Cities of Hanlontown, Manly, Nora Springs, Plymouth and Rock Falls, Iowa and the predominately agricultural territory in a portion of Cerro Gordo, Floyd, Mitchell and Worth Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

#### A. Reporting Entity

For financial reporting purposes, Central Springs Community School District has included all funds, organizations, agencies, boards, commissions, and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. The Central Springs Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the County Assessor's Conference Board.

#### B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Position presents the District's nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:

*Net invested in capital assets*, consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets.

*Restricted net position* results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

*Unrestricted net position* consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions, and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements . Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds. Combining schedules are also included for the Capital Project Fund accounts.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instruction, support and other costs.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

The District's proprietary funds consist of the Enterprise, School Nutrition Fund and Daycare Fund. These funds are used to account for the food service and day care operations of the District.

The District also reports fiduciary funds which focus on net position and changes in net position. The District's fiduciary funds include the following:

The Private-Purpose Trust Fund is used to account for assets held by the District under trust agreements, which require income earned to be used to benefit individuals through scholarship awards.

#### C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the

current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants, and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted, net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the district's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications . committed, assigned, and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity

The following accounting policies are followed in preparing the balance sheet:

Cash, Cash Equivalents and Pooled Investments - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit, which are stated at cost.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable . Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable



represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2013 assessed property valuations; is for the tax accrual period July 1, 2014, through June 30, 2015, and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2014.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants, and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets . Capital assets, which include property, furniture, equipment and intangibles, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
	\$
Land	1,000
Buildings	10,000
Improvements other than buildings	10,000
Intangibles	75,000
Furniture and equipment:	
School Nutrition Fund equipment	10,000
Other furniture and equipment	10,000

Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	50 years
Improvements other than buildings	20-50 years
Intangibles	5-10 years
Furniture and equipment	5-15 years

The District's collection of library books and other similar materials are not capitalized. These collections are unencumbered, held for public exhibition and education, protected, cared for and preserved and subject to District policy that requires proceeds from the sale of these items, if any, to be used to acquire other collection items.

Deferred Outflows of Resources . Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

Salaries and Benefits Payable . Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Advances from Grantors . Grant proceeds which have been received by the District but will be spent in a succeeding fiscal year.

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use. Employees are not paid for unused vacation and sick leave benefits when employment with the District ends.

Long-term Liabilities . In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Position.

Pensions . For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees Retirement System (IPERS) and additions to/deductions from IPERS fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources . Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivables and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivables that will not be recognized until the year for which it is levied and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

Fund Equity . In the governmental fund financial statements fund balances are classified as follows:

Restricted . Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Unassigned . All amounts not included in the preceding classifications.

## E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2015, expenditures exceeded the amended amounts budgeted in the other expenditures functions.

### 2. **Cash, Cash Equivalents and Pooled Investments**

The District's deposits in banks at June 30, 2015 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2015, the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio, which are valued at an amortized cost of \$82,159 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Schools Joint Investment Trust was rated AAAm by Standard & Poor's Financial Services.

### 3. **Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2015 is as follows:

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
		\$
Nonmajor Governmental, Debt Service	Capital Projects	577,854
Capital Projects	Nonmajor Governmental, Debt Service	138,786

This transfer moved revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

### 4. **Due From and Due to Other Funds**

The detail of interfund receivables and payables at June 30, 2015 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
		\$
General Fund	Nonmajor Enterprise: School Nutrition	51,500

The General Fund has loaned the School Nutrition Fund money for cash flow.

### 5. **Capital Assets**

Capital assets activity for the year ended June 30, 2015 was as follows:

	Balance Beginning of Year- adjusted \$	Increases \$	Decreases \$	Balance End of Year \$
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	83,500	-	-	83,500
Capital assets being depreciated:				
Buildings	7,308,139	147,579	-	7,455,718
Improvements other than buildings	613,693	39,849	-	653,542
Furniture and equipment	2,242,081	49,867	-	2,291,948
Total capital assets being deprec.	10,163,913	237,295	-	10,401,208
Less accumulated depreciation for:				
Buildings	4,465,599	120,061	-	4,585,660
Improvements other than buildings	364,572	27,402	-	391,974
Furniture and equipment	1,492,741	176,904	-	1,669,645
Total accumulated depreciation	6,322,912	324,367	-	6,647,279
Total capital assets being depreciated, net	3,841,001	(87,072)	-	3,753,929
Governmental activities capital assets, net	3,924,501	(87,072)	-	3,837,429
<b>Business type activities:</b>				
Furniture and equipment	140,702	-	-	140,702
Less accumulated depreciation	75,933	9,185	-	85,118
Business type activities capital assets, net	64,769	(9,185)	-	55,584

Depreciation expense was charged to the following functions:

	Amount \$
<b>Governmental activities:</b>	
Instruction:	
Regular	93,470
Support Services:	
Student services	5,638
Administration	2,730
Operation and maintenance of plant services	6,825
Transportation	68,241
	176,904
Unallocated depreciation	147,463
Total depreciation expense . governmental activities	324,367
<b>Business type activities:</b>	
Food services	9,185

## 6. Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2015, are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
	\$	\$	\$	\$	\$
Governmental activities:					
General obligation bonds	740,000	-	740,000	-	-
Revenue bonds	40,000	-	40,000	-	-
Termination benefits	108,885	235,500	43,420	300,965	98,133
Net pension liability	4,418,801	-	1,408,022	3,010,779	-
Net OPEB liability	142,106	49,817	-	191,923	-
Total	5,449,792	285,317	2,231,442	3,503,667	98,133

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
	\$	\$	\$	\$	\$
Business type activities:					
Net pension liability	186,995	-	59,585	127,410	-
Net OPEB liability	10,150	3,595	-	13,745	-
Total	197,145	3,595	59,585	141,155	-

### Termination Benefits

The District approved a voluntary early retirement plan for employees. Eligible employees must have completed at least fifteen years of full-time service to the District and must have reached the age of fifty-five on or before June 30 in the calendar year in which early retirement commences. The application for early retirement is subject to approval by the Board of Education.

At June 30, 2015, the District has obligations to 21 participants with a total liability of \$300,965. Actual early retirement expenditures for the year ended June 30, 2015 totaled \$43,372.

## 7. Pension Plan

Plan Description . IPERS membership is mandatory for employees of the District, except for those covered by another retirement system. Employees of the District are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 nor at [www.ipers.org](http://www.ipers.org).

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits . A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after

reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a regular member's monthly IPERS benefits includes:

- " A multiplier (based on years of service).
- " The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits . A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions . Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS's Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the entry age normal actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, regular members contributed 5.95 percent of pay and the District contributed 8.93 percent for a total rate of 14.88 percent.

The District's contributions to IPERS for the year ended June 30, 2015 were \$470,767.

Net Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions . At June 30, 2015, the District reported a liability of \$3,138,189 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the District's collective proportion was 0.079129 percent, which was a decrease of 0.001088 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$193,995. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflows of Resources	Deferred Inflows of Resources
	\$	\$
Differences between expected and actual experience	34,106	-
Changes in assumptions	138,495	-
Net difference between projected and actual earnings on pension plan investments	-	1,196,815
Change in proportion and differences between District contributions and proportionate share of contributions	(175,004)	-
District contributions subsequent to the measurement date	470,767	-
Total	468,364	1,196,815

\$470,767 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	\$
2016	298,642
2017	298,642
2018	298,642
2019	298,642
2020	(156)
Total	1,194,412

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions . The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00 percent per annum
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00 percent, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50 percent, compounded annually, net of investment expense, including inflation.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
	%	
US Equity	23	6.31
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	(0.69)
Total	100	

Discount Rate . The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate . The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%) \$	Discount Rate (7.5%) \$	1% Increase (8.5%) \$
District proportionate share of the net pension liability	5,929,520	3,138,189	782,017

Pension Plan Fiduciary Net Position . Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS's website at [www.ipers.org](http://www.ipers.org).

Payables to the Pension Plan . At June 30, 2015, the District reported no payables to the defined benefit pension plan for legally required employer contributions or for legally required employee contributions.



## 8. Risk Management

Central Springs Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

## 9. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$364,132 for the year ended June 30, 2015 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

## 10. Other Postemployment Benefits (OPEB)

Plan Description - The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 104 active and 4 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage is provided through a fully-insured plan. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy - The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation - The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2015, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

	\$
Annual required contribution	80,824
Interest on net OPEB obligation	3,806
Adjustment to annual required contribution	(14,962)
Annual OPEB cost	69,668
Contributions made	16,256
Increase in net OPEB obligation	53,412
Net OPEB obligation beginning of year	152,256
Net OPEB obligation end of year	205,668

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2014. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2015.

For the year ended June 30, 2015, the District contributed \$16,256 to the medical plan. Plan members eligible for benefits contributed \$42,482 of the premium costs.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation are summarized as follows:

<u>Year Ended June 30,</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
	\$	%	\$
2012	69,059	28.8	49,200
2013	70,353	29.4	98,839
2014	74,088	27.9	152,256
2015	69,668	23.3	205,668

Funded Status and Funding Progress - As of July 1, 2014, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$489,529, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$489,529. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$4,541,000, and the ratio of the UAAL to covered payroll was 10.8%. As of June 30, 2015, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2014 actuarial valuation date, the entry age actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District's funding policy. The ultimate medical trend rate is 6%. The medical trend rate is reduced 0.5% each year until reaching the 6% ultimate trend rate. An inflation rate of 0% is assumed for the purpose of this computation.

Mortality rates are from the 94 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from IPERS formulas.

The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

## 11. Categorical Funding

The District's restricted fund balance for categorical funding at June 30, 2015 is comprised of the following programs:

Program	Amount
	\$
Teacher salary supplement	801
Iowa core curriculum	29,920
Educator quality, professional development	68,759
Talented and gifted	81,587
Dropout prevention	21,991
Early readers	8,213
Teacher leadership	8,210
Mentoring	497
Market factor	6,665
	<u>226,643</u>

## 12. Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions . an Amendment of GASB No. 27 was implemented during fiscal year 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Beginning net position for governmental and business type activities were restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

	Governmental Activities	Business Type Activities	
		Nutrition Fund	Daycare Fund
	\$	\$	\$
Net position June 30, 2014, as previously reported	7,473,923	48,244	1,968
Net pension liability at June 30, 2014	(4,418,801)	(99,485)	(87,510)
Deferred outflows of resources			
Related to contributions made after the June 30, 2013 measurement date	443,612	9,987	8,785
Net position July 1, 2014, as restated	<u>3,498,734</u>	<u>(41,254)</u>	<u>(76,757)</u>

## REQUIRED SUPPLEMENTARY INFORMATION

CENTRAL SPRINGS COMMUNITY SCHOOL DISTRICT

Budgetary Comparison Schedule of Revenues, Expenditures/Expenses, and Changes in Balances -  
Budget and Actual - All Governmental Funds and Proprietary Fund

Required Supplementary Information

Year ended June 30, 2015

	Governmental Fund Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts		Final to Actual Variance - Positive (Negative)
	\$	\$	\$	Original \$	Final \$	\$
Revenues:						
Local sources	5,337,244	233,286	5,570,530	6,539,578	6,539,578	(969,048)
State sources	5,290,808	4,051	5,294,859	4,763,863	4,763,863	530,996
Federal sources	337,736	263,114	600,850	580,000	580,000	20,850
Total revenues	<u>10,965,788</u>	<u>500,451</u>	<u>11,466,239</u>	<u>11,883,441</u>	<u>11,883,441</u>	<u>(417,202)</u>
Expenditures/Expenses:						
Instruction	6,501,182	-	6,501,182	8,205,000	8,205,000	1,703,818
Support services	2,978,531	-	2,978,531	3,830,000	3,830,000	851,469
Non-instructional programs	-	526,163	526,163	500,000	500,000	(26,163)
Other expenditures	1,529,205	-	1,529,205	763,045	1,375,000	(154,205)
Total expenditures/expenses	<u>11,008,918</u>	<u>526,163</u>	<u>11,535,081</u>	<u>13,298,045</u>	<u>13,910,000</u>	<u>2,374,919</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	(43,130)	(25,712)	(68,842)	(1,414,604)	(2,026,559)	1,957,717
Balance beginning of year (restated)	<u>4,319,169</u>	<u>(118,011)</u>	<u>4,201,158</u>	<u>5,453,641</u>	<u>5,453,641</u>	<u>(1,252,483)</u>
Balance end of year	<u>4,276,039</u>	<u>(143,723)</u>	<u>4,132,316</u>	<u>4,039,037</u>	<u>3,427,082</u>	<u>705,234</u>

## CENTRAL SPRINGS COMMUNITY SCHOOL DISTRICT

### Notes to Required Supplementary Information - Budgetary Reporting

Year ended June 30, 2015

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standard Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Internal Service, Private Purpose Trust and Agency funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by the fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

During the year ended June 30, 2015, expenditures exceeded the amounts budgeted in the other expenditures function.

CENTRAL SPRINGS COMMUNITY SCHOOL DISTRICT

Schedule of the District's Proportionate Share of the Net Pension liability

Iowa Public Employees' Retirement System  
Last Fiscal Year\*

Required Supplementary Information

	<u>2015</u>
District's proportion of the net pension liability	0.079129%
District's proportionate share of the net pension liability	3,138,189
District's covered-employee payroll	5,271,748
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	59.53%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

\* The amounts presented for each fiscal year were determined as of June 30.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

# CENTRAL SPRINGS COMMUNITY SCHOOL DISTRICT

## Schedule of District Contributions

### Iowa Public Employees' Retirement System Last Four Fiscal Years

#### Required Supplementary Information

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
	\$	\$	\$	\$
Statutorily required contribution	470,767	462,384	456,142	352,896
Contributions in relation to the statutorily required contribution	<u>470,767</u>	<u>462,384</u>	<u>456,142</u>	<u>352,896</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered-employee payroll	5,271,748	5,178,995	5,261,156	4,372,941
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.67%	8.07%



## CENTRAL SPRINGS COMMUNITY SCHOOL DISTRICT

### Notes to Required Supplementary Information - Pension Liability

Year ended June 30, 2015

#### Changes of benefit terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups - emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers - from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

#### Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decrease the inflation assumption from 3.25 percent to 3.00 percent.

- Decrease the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.

- Adjusted male mortality rates for retirees in the Regular membership group.

- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.

- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL. UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.

- Modified retirement rates to reflect fewer retirements.

- Lowered disability rates at most ages.

- Lowered employment termination rates.

- Generally increased the probability of terminating members receiving a deferred retirement benefit.

- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

CENTRAL SPRINGS COMMUNITY SCHOOL DISTRICT

Notes to Required Supplementary Information - Pension Liability

Year ended June 30, 2015

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

Adjusted salary increase assumptions to service based assumptions.

Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent.

Lowered the inflation assumption from 3.50 percent to 3.25 percent.

Lowered disability rates for sheriffs and deputies and protection occupation members.

CENTRAL SPRINGS COMMUNITY SCHOOL DISTRICT

Schedule of Funding Progress for the Retiree Health Plan

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets ( a ) \$	Actuarial Accrued Liability (AAL) ( b ) \$	Unfunded AAL (UAAL) ( b-a ) \$	Funded Ratio ( a/b ) %	Covered Payroll ( c ) \$	UAAL as a Percentage of Covered Payroll ( (b-a)/c ) %
2012	July 1, 2011	-	447,682	447,682	0.0%	4,374,000	10.2%
2013	July 1, 2011	-	430,154	430,154	0.0%	4,443,000	9.7%
2014	July 1, 2011	-	404,477	404,477	0.0%	4,037,000	10.0%
2015	July 1, 2014	-	489,529	489,529	0.0%	4,541,000	10.8%

See Note 10 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

## SUPPLEMENTARY INFORMATION

## CENTRAL SPRINGS COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2015

Assets	Special Revenue Funds		Debt Service	Total
	Management Levy	Student Activity		
	\$	\$	\$	\$
Cash, cash equivalents and pooled investments	542,825	35,596	-	578,421
Receivables:				
Property tax:				
Delinquent	2,749	-	-	2,749
Succeeding year	349,999	-	-	349,999
<b>Total assets</b>	<u>895,573</u>	<u>35,596</u>	<u>-</u>	<u>931,169</u>
<b>Liabilities, Deferred Inflows of Resources &amp; Fund Balances</b>				
Liabilities	-	-	-	-
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	349,999	-	-	349,999
Fund balances:				
Restricted for:				
Management levy	545,574	-	-	545,574
Student activities	-	35,596	-	35,596
Total fund balances	<u>545,574</u>	<u>35,596</u>	<u>-</u>	<u>581,170</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>895,573</u>	<u>35,596</u>	<u>-</u>	<u>931,169</u>

## CENTRAL SPRINGS COMMUNITY SCHOOL DISTRICT

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds

Year ended June 30, 2015

	Special Revenue Funds			
	Management	Student	Debt	Total
	Levy	Activity	Service	
	\$	\$	\$	\$
Revenues:				
Local sources:				
Local tax	298,433	-	306,962	605,395
Other	13,777	178,325	-	192,102
State sources	3,013	-	3,787	6,800
Total revenues	<u>315,223</u>	<u>178,325</u>	<u>310,749</u>	<u>804,297</u>
Expenditures:				
Current:				
Instruction:				
Regular instruction	2,720	-	-	2,720
Other instruction	-	168,333	-	168,333
Support services:				
Administration services	45,341	-	-	45,341
Operation and maintenance of plant services	167,829	-	-	167,829
Transportation services	19,301	-	-	19,301
Other expenditures:				
Long-term debt:				
Principal	-	-	780,000	780,000
Interest and fiscal charges	-	-	23,308	23,308
Total expenditures	<u>235,191</u>	<u>168,333</u>	<u>803,308</u>	<u>1,206,832</u>
Excess (deficiency) of revenues over (under) expenditures	80,032	9,992	(492,559)	(402,535)
Other financing sources (uses):				
Transfers in	-	-	577,854	577,854
Operating transfers out	-	-	(138,786)	(138,786)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>439,068</u>	<u>439,068</u>
Change in fund balances	80,032	9,992	(53,491)	36,533
Fund balances beginning of year	<u>465,542</u>	<u>25,604</u>	<u>53,491</u>	<u>544,637</u>
Fund balances end of year	<u><u>545,574</u></u>	<u><u>35,596</u></u>	<u><u>-</u></u>	<u><u>581,170</u></u>

## CENTRAL SPRINGS COMMUNITY SCHOOL DISTRICT

Combining Schedule of Net Fund Assets  
Nonmajor Enterprise Funds

June 30, 2014

	Enterprise Funds		
	School	Daycare	Total
	Nutrition		
	\$	\$	\$
<b>Assets</b>			
Cash, cash equivalents and pooled investments	32,773	5,391	38,164
Accounts receivable	541	1,912	2,453
Due from other governments	8,563	-	8,563
Inventories	15,599	-	15,599
Capital assets, net of accumulated depreciation	55,584	-	55,584
<b>Total assets</b>	<u>113,060</u>	<u>7,303</u>	<u>120,363</u>
<b>Deferred Outflows of Resources</b>			
Pension related deferred outflows	13,897	12,224	26,121
	<u>126,957</u>	<u>19,527</u>	<u>146,484</u>
<b>Liabilities</b>			
Payable to general fund	51,500	-	51,500
Salaries and benefits payable	22,546	12,200	34,746
Deferred revenue	7,111	-	7,111
Net pension liability	67,785	59,625	127,410
Net OPEB liability	7,341	6,404	13,745
<b>Total liabilities</b>	<u>156,283</u>	<u>78,229</u>	<u>234,512</u>
<b>Deferred Inflows of Resources</b>			
Pension related deferred inflows	29,631	26,064	55,695
	<u>185,914</u>	<u>104,293</u>	<u>290,207</u>
<b>Net position</b>			
Investment in capital assets	55,584	-	55,584
Unrestricted	(114,541)	(84,766)	(199,307)
<b>Total net position</b>	<u>(58,957)</u>	<u>(84,766)</u>	<u>(143,723)</u>

## CENTRAL SPRINGS COMMUNITY SCHOOL DISTRICT

Combining Schedule of Revenues, Expenses and Changes in Fund Net Position  
Nonmajor Enterprise Funds

Year ended June 30, 2015

	Enterprise Funds		
	School Nutrition	Daycare	Total
	\$	\$	\$
Operating revenue:			
Local sources:			
Charges for service	181,106	52,168	233,274
Operating expenses:			
Non-instructional programs:			
Salaries	133,451	50,398	183,849
Benefits	40,408	21,738	62,146
Purchased services	489	-	489
Supplies	265,015	-	265,015
Depreciation	9,185	-	9,185
Other	5,479	-	5,479
Total operating expenses	454,027	72,136	526,163
Operating income (loss)	(272,921)	(19,968)	(292,889)
Non-operating revenue:			
State sources	4,051	-	4,051
Federal sources	251,155	11,959	263,114
Interest income	12	-	12
Total non-operating revenue	255,218	11,959	267,177
Change in net position	(17,703)	(8,009)	(25,712)
Net position beginning of year (restated)	(41,254)	(76,757)	(118,011)
Net position end of year	(58,957)	(84,766)	(143,723)



## CENTRAL SPRINGS COMMUNITY SCHOOL DISTRICT

Combining Schedule of Cash Flows  
Nonmajor Enterprise Funds

Year ended June 30, 2015

	Enterprise Funds		
	School Nutrition	Daycare	Total
	\$	\$	\$
Cash flows from operating activities:			
Cash received from sale of lunches and breakfasts	181,949	-	181,949
Cash received from daycare services	-	50,402	50,402
Cash paid to employees for services	(172,460)	(76,043)	(248,503)
Cash paid to suppliers for goods or services	(237,480)	-	(237,480)
Net cash (used) provided by operating activities	<u>(227,991)</u>	<u>(25,641)</u>	<u>(253,632)</u>
Cash flows from non-capital financing activities:			
Loans from (repaid) to other funds	32,500	-	32,500
State grants received	4,051	-	4,051
Federal grants received	206,384	11,959	218,343
Net cash provided by non-capital financing activities	<u>242,935</u>	<u>11,959</u>	<u>254,894</u>
Cash flows from capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:			
Interest on investments	<u>12</u>	<u>-</u>	<u>12</u>
Net increase (decrease) in cash and cash equivalents	14,956	(13,682)	1,274
Cash and cash equivalents at beginning of year	<u>17,817</u>	<u>19,073</u>	<u>36,890</u>
Cash and cash equivalents at end of year	<u><u>32,773</u></u>	<u><u>5,391</u></u>	<u><u>38,164</u></u>
<b>Reconciliation of operating income (loss) to net cash used by operating activities:</b>			
Operating income (loss)	(272,921)	(19,968)	(292,889)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:			
Commodities used	36,208	-	36,208
Depreciation	9,185	-	9,185
Decrease (increase) in inventories	(2,705)	-	(2,705)
Decrease (increase) in accounts receivable	217	(1,766)	(1,549)
(Decrease) increase in salaries and benefits payable	5,837	(701)	5,136
(Decrease) increase in deferred revenue	626	-	626
(Decrease) increase in net pension liability	(31,700)	(27,885)	(59,585)
Increase in deferred outflows of resources	(3,910)	(3,439)	(7,349)
(Decrease) increase in deferred inflows of resources	29,631	26,064	55,695
(Decrease) increase in other postemployment benefits	1,541	2,054	3,595
Net cash (used) provided by operating activities	<u>(227,991)</u>	<u>(25,641)</u>	<u>(253,632)</u>

## CENTRAL SPRINGS COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet  
Capital Projects Accounts

June 30, 2015

Assets	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
	\$	\$	\$
Cash, cash equivalents and pooled investments	1,856,383	172,220	2,028,603
Receivables:			
Property tax:			
Delinquent	-	1,019	1,019
Succeeding year	-	115,617	115,617
Due from other governments	124,089	-	124,089
<b>Total assets</b>	<b>1,980,472</b>	<b>288,856</b>	<b>2,269,328</b>
<b>Liabilities, Deferred Inflows of Resources &amp; Fund Balances</b>			
Liabilities	-	-	-
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	115,617	115,617
Fund balances:			
Restricted for:			
School infrastructure	1,980,472	-	1,980,472
Physical plant and equipment	-	173,239	173,239
Total fund balances	1,980,472	173,239	2,153,711
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>1,980,472</b>	<b>288,856</b>	<b>2,269,328</b>

## CENTRAL SPRINGS COMMUNITY SCHOOL DISTRICT

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances  
Capital Project Accounts

Year ended June 30, 2015

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
	\$	\$	\$
Revenues:			
Local sources:			
Local tax	-	113,044	113,044
Other	4,408	616	5,024
State sources	659,972	1,202	661,174
Total revenues	<u>664,380</u>	<u>114,862</u>	<u>779,242</u>
Expenditures:			
Current:			
Support services:			
Instructional staff services	101,243	27,151	128,394
Operation and maintenance of plant	23,088	5,755	28,843
Other expenditures:			
Facilities acquisition	361,765	-	361,765
Total expenditures	<u>486,096</u>	<u>32,906</u>	<u>519,002</u>
Excess (deficiency) of revenues over (under) expenditures	178,284	81,956	260,240
Other financing sources (uses):			
Transfers in	138,786	-	138,786
Transfers out	(577,854)	-	(577,854)
Total other financing sources (uses)	<u>(439,068)</u>	<u>-</u>	<u>(439,068)</u>
Change in fund balance	(260,784)	81,956	(178,828)
Fund balances beginning of year	<u>2,241,256</u>	<u>91,283</u>	<u>2,332,539</u>
Fund balance end of year	<u>1,980,472</u>	<u>173,239</u>	<u>2,153,711</u>

## CENTRAL SPRINGS COMMUNITY SCHOOL DISTRICT

## Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2015

<u>Account</u>	Balance Beginning of Year	Revenues	Expenditures	Intra-Fund Transfers	Balance End of Year
	\$	\$	\$	\$	\$
Basketball-boys	-	7,926	7,926	-	-
Football	871	9,112	9,715	(268)	-
Baseball	(4,214)	10,318	9,861	-	(3,757)
Baseball fundraising	-	-	229	-	(229)
Track-boys	-	7,619	7,619	-	-
Golf-boys	-	408	408	-	-
Wrestling-coop	-	7,659	7,659	-	-
Volleyball fundraising	5,847	15,337	15,421	-	5,763
Volleyball	-	5,127	5,127	-	-
Softball	(4,815)	11,969	8,676	-	(1,522)
Track-girls	(2,243)	6,138	3,896	-	(1)
Golf-girls	-	267	267	-	-
Basketball-girls	186	3,328	3,514	-	-
Athletic fundraiser	132	13,067	13,164	-	35
Activity tickets	-	215	250	-	(35)
Cross country	-	1,296	1,565	269	-
Middle school athletics	-	6,686	6,686	-	-
Football fundraising	245	6,402	6,111	-	536
Honor society	891	346	426	-	811
MS student council	15,955	9,722	8,465	-	17,212
Student council	1,076	9,448	8,270	-	2,254
TAG/FPS	267	-	-	-	267
Drama & speech club	2,800	-	1,630	-	1,170
Dance team	(1,668)	6,129	6,004	-	(1,543)
Art activities	834	368	361	-	841
Cheerleading	(5,172)	7,734	7,616	-	(5,054)
Trap shooting	4,078	1,900	3,316	-	2,662
Middle school yearbook	-	2,259	2,387	128	-
Senior class	100	378	413	-	65
Middle school	1,701	580	238	(129)	1,914
Sophomore class	247	684	736	-	195
Freshman class	777	-	-	-	777
Junior class	338	545	2,775	-	(1,892)
Interest	-	55	-	-	55
Vocal music-JR/SR High	4,433	3,314	439	-	7,308
Middle school band fundraising	1,093	-	-	-	1,093
Instrumental music-JR/SR Hi	104	2,015	475	-	1,644
Band uniform rent	823	-	823	-	-
Elem vocal/instrumental music	876	-	876	-	-
Yearbook	42	3,055	8,308	-	(5,211)
Corn bowl conference CZAR	-	16,919	6,681	-	10,238
Total	25,604	178,325	168,333	-	35,596

## CENTRAL SPRINGS COMMUNITY SCHOOL DISTRICT

Schedule of Revenues by Source and Expenditures by Function  
All Governmental Fund Types

For the Last Four Years

	Modified Accrual Basis			
	2015	2014	2013	2012
	\$	\$	\$	\$
Revenues:				
Local sources:				
Local tax	4,179,631	5,380,797	5,240,209	5,342,904
Tuition	459,199	373,137	592,684	402,340
Other	698,414	818,165	865,479	666,429
State sources	5,290,808	4,857,158	4,672,305	4,872,291
Federal sources	337,736	272,441	280,094	550,577
Total revenues	<u>10,965,788</u>	<u>11,701,698</u>	<u>11,650,771</u>	<u>11,834,541</u>
Expenditures:				
Instruction:				
Regular instruction	4,135,784	3,903,583	4,381,328	4,415,567
Special instruction	1,130,785	1,137,941	1,126,982	1,351,258
Other instruction	1,234,613	1,150,881	1,279,071	1,034,249
Support services:				
Student services	268,977	290,167	201,286	138,615
Instructional staff services	358,310	779,677	661,281	301,505
Administration services	946,043	900,592	944,029	1,073,785
Operation and maintenance	865,377	953,301	863,484	797,758
Transportation services	539,824	542,522	576,318	595,361
Other expenditures:				
Facilities acquisition	361,765	513,344	174,424	222,065
Long-term debt:				
Principal	780,000	345,000	330,000	430,000
Interest and other charges	23,308	43,175	56,150	75,338
AEA flowthrough	364,132	362,791	350,365	362,764
Total expenditures	<u>11,008,918</u>	<u>10,922,974</u>	<u>10,944,718</u>	<u>10,798,265</u>

## CENTRAL SPRINGS COMMUNITY SCHOOL DISTRICT

## Schedule of Expenditures of Federal Awards

Year ended June 30, 2015

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Expenditures</u> \$
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
School Nutrition Cluster Programs:			
School Breakfast Program	10.553	FY15	50,693
National School Lunch Program (non-cash)	10.555	FY15	199,311
Summer Food Service Program for Children	10.559	FY15	1,151
			<u>251,155</u>
U.S. Department of Education:			
Iowa Department of Education:			
Title I, Part A Cluster:			
Title I Grants to Local Educational Agencies	84.010	FY15	<u>105,990</u>
Career and Technical Education - Basic Grants to States	84.048	FY15	<u>9,800</u>
Improving Teacher Quality State Grants	84.367	FY15	<u>24,812</u>
Grants for State Assessments and Related Activities	84.369	FY15	<u>3,820</u>
Area Education Agency 267			
Special Education Cluster (IDEA)			
Special Education - Grants to States	84.027	FY15	<u>39,496</u>
U.S. Department of Health and Human Services:			
Iowa Department of Human Services			
Head Start	93.600	FY15	70,702
Medicaid	93.778	FY15	83,117
Child Care Development Block Grant	93.667	FY15	11,959
			<u>165,778</u>
Total			<u><u>600,851</u></u>

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of Central Springs Community School District and is presented on the accrual or modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Nonprofit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Gary E. Horton CPA

902 Central Ave. E.-PO Box 384  
Clarion, IA 50525-0384  
(515)532-6681 Phone  
(515) 532-2405 Fax  
[BETCO@mchsi.com](mailto:BETCO@mchsi.com) E-mail

Independent Auditor's Report on Internal Control  
Over Financial Reporting and on compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance with  
Government Auditing Standards

To the Board of Education of  
Central Springs Community School District:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Central Springs Community School District and of and for the year ended June 30, 2015, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 30, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Central Springs Community School District's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Central Springs Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Central Springs Community School District's Internal Control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified deficiencies in internal control we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items 15-II-A, 15-II-B and 15-II-C to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Central Springs Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an

opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However we noted certain immaterial instances of non-compliance or other matters which are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2015 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

#### Central Springs Community School District's Responses to the Findings

Central Springs Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Central Springs Community School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

#### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Central Springs Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

BURTON E. TRACY & CO., P.C.  
Certified Public Accountants

March 30, 2016



Gary E. Horton CPA

902 Central Ave. E.-PO Box 384  
Clarion, IA 50525-0384  
(515)532-6681 Phone  
(515) 532-2405 Fax  
[BETCO@mchsi.com](mailto:BETCO@mchsi.com) E-mail

Independent Auditor's Report on Compliance  
for Each Major Federal Program, on Internal Control over Compliance  
Required by OMB Circular A-133

To the Board of Education of  
Central Springs Community School District:

Report on Compliance for Each Major Federal Program

We have audited Central Springs Community School District's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015. Central Springs Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Central Springs Community School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Central Springs Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Central Springs Community School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Central Springs Community School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

The management of Central Springs Community School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Central Springs Community School District's

internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Central Springs Community School District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a deficiency in internal control over compliance we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 15-III-A to be a material weakness.

Central Springs Community School District's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Central Springs Community School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

BURTON E. TRACY & CO., P.C.  
Certified Public Accountants

March 30, 2016

CENTRAL SPRINGS COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

Part I: Summary of the Independent Auditor's Results:

- (a) Unmodified opinions were issued on the financial statements.
- (b) A material weakness in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) A material weakness in internal control over the major programs was disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed an audit finding which is required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
  - Title I
    - CFDA Number 84.010 . Title I Grants to local education Agencies
  - Child Nutrition Cluster
    - CFDA Number 10.553 . School Breakfast Program
    - CFDA Number 10.555 . National School Lunch Program (non-cash)
    - CFDA Number 10.559 . Summer Food Service Program for Children
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Central Springs Community School District did not qualify as a low-risk auditee.

CENTRAL SPRINGS COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

Part II: Findings Related to the Financial Statements:

Internal Control Deficiencies

- 15-II-A      Segregation of Duties: The limited number of personnel makes it difficult to achieve adequate internal accounting control through the segregation of duties and responsibilities, such as recording and processing cash receipts, preparing checks and bank reconciliations, payroll processing, preparing and posting general journal entries, preparation of journals and general financial information for ledger posting, and the analysis of financial information. A small staff makes it difficult to establish an ideal system of automatic internal checks on accounting record accuracy and reliability, although we noted the District had taken steps to segregate duties between the present personnel. This is not an unusual condition but it is important the District officials are aware that the condition exists.

Recommendation: We realize segregation of duties is difficult with a limited number of office employees. However, the District should review its procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials.

District Response: We will continue to review our procedures and implement additional controls where possible.

Conclusion: Response accepted.

- 15-II-B      Signature Stamp: We noted that a stamp bearing the signature of the Board President is used to cosign checks. The board secretary, the other co-signer of the checks has access to the stamp. This practice negates the internal control procedure established by requiring two signatures on a check.

Recommendation: We recommend that this practice cease. The board may designate a person other than the board president to cosign checks. If a signature stamp is used, it should remain under the control of the person whose name the stamp bears at all times.

District Response: We will discuss methods to limit access to the signature stamp.

Conclusion: Response accepted.

- 15-II-C      Financial Statement Preparation: Financial statement preparation is the responsibility of the District. At the present time District personnel do not have the skills necessary to be able to write the District's financial statements and the related note disclosures. This is not an unusual situation for small governmental entities.

Recommendation: District personnel should attend any governmental accounting and reporting training sessions that may be offered by the Iowa Department of Education, State Auditor's Office or Iowa Association of School Business Officials. The school business office should also have governmental accounting and reporting reference materials.

CENTRAL SPRINGS COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

Part II: Findings Related to the Financial Statements (continued):

District Response: As a school we certainly understand the need for continuing education classes for all of our staff. However, we have a limited budget and must continually prioritize needs. At this point in time it is not cost effective to train our staff to the level necessary that would enable them to write the financial statements, nor is it feasible to hire additional employees that already possess the skills.

Conclusion: Response accepted.

Instances of Noncompliance:

No matters were reported.

CENTRAL SPRINGS COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

Part III: Findings and Questioned Costs For Federal Awards:

Instances of Non-Compliance:

No matters were noted.

Internal Control Deficiencies:

CFDA Number 10.553: School Breakfast Program  
CFDA Number 10.555: National School Lunch Program and  
CFDA Number 10.555: Food Donation  
Federal Award Year: 2015  
US Department of Agriculture  
Passed through the Iowa Department Education

CFDA Number 84.010 . Title I Grants to local Education Agencies  
Federal Award Year: 2015  
US department Education  
Passed through the Iowa Department Education

15-III-A Segregation of Duties: The limited number of personnel makes it difficult to achieve adequate internal accounting control through the segregation of duties and responsibilities, such as recording and processing cash receipts, preparing checks and bank reconciliations, payroll processing, preparing and posting general journal entries, preparation of journals and general financial information for ledger posting, and the analysis of financial information. A small staff makes it difficult to establish an ideal system of automatic internal checks on accounting record accuracy and reliability, although we noted the District had taken steps to segregate duties between the present personnel. This is not an unusual condition but it is important the District officials are aware that the condition exists.

Recommendation: We realize segregation of duties is difficult with a limited number of office employees. However, the District should review its procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials.

District Response: We will continue to review our procedures and implement additional controls where possible.

Conclusion: Response accepted.

CENTRAL SPRINGS COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

Part IV: Other Findings Related To Required Statutory Reporting:

- 15-IV-A Certified Budget: Expenditures for the year ended June 30, 2015, exceeded the amended budgeted amounts in the other expenditures function.

Recommendation: The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.

District Response: Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded.

Conclusion: Response accepted.

- 15-IV-B Questionable Expenditures: We noted several credit card payments which lacked supporting documentation.

Recommendation: The District should ensure it has supporting documentation before payments are made.

District Response: We will obtain documentation in the future.

Conclusion: Response accepted.

- 15-IV-C Travel Expenses: No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

- 15-IV-D Business Transactions: No business transactions between the District and District officials or employees were noted.

- 15-IV-E Bond Coverage: Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverages should be reviewed annually to insure that the coverage is adequate for current operations.

- 15-IV-F Board Minutes: No transactions requiring board approval that had not been approved by the board were noted.

- 15-IV-G Certified Enrollment: The number of resident students reported to the Iowa Department of Education at October 2014, was understated by 1 student.

Recommendation: The District should review its control procedures to ensure accurate counts in the future.

District Response: We will continue to review our procedures and implement additional controls where possible.

Conclusion: Response accepted.

# CENTRAL SPRINGS COMMUNITY SCHOOL DISTRICT

## Schedule of Findings and Questioned Costs

Year ended June 30, 2015

### Part IV: Other Findings Related To Required Statutory Reporting (continued):

- 15-IV-H     Supplementary Weighting: No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
  
- 15-IV-I     Deposits and Investments: No instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.
  
- 15-IV-J     Certified Annual Report: The Certified Annual Report was certified to the Iowa Department of Education timely.
  
- 15-VI-K     Categorical Funding: No instances were noted of categorical funding being used to supplant rather than supplement other funds.
  
- 15-IV-L     Statewide Sales, Services and Use Tax: No instances of non-compliance with the allowable uses of the statewide sales, services and use tax revenue provided in Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education for the year ended June 30, 2015, the following information includes the amounts reported for the statewide sales, services and use tax revenue in the District's CAR including adjustments identified during the fiscal year 2015 audit:

	\$	\$
Beginning balance		2,241,256
Revenues/transfers in:		
Statewide sales, services and use tax revenue	659,972	
Other	4,408	664,380
Expenditures/transfers out:		
Transfer to Debt Service	439,068	
Support services	124,331	
School infrastructure construction	361,765	925,164
Ending balance		<u>1,980,472</u>

- 15-IV-M     Deficit Balances: The District has a deficit unrestricted net assets of \$114,541 in the School Nutrition Fund, and \$84,766 in the Daycare fund at June 30, 2015. Also the Activity fund has a few accounts with deficit balances at June 30, 2015.

Recommendation: The District should continue to monitor these accounts and investigate alternatives to eliminate the deficits.

District Response: We are working on ways to eliminate the deficit.

Conclusion: Response accepted.